

IRS TAX TIP 2004-62

IRA CONTRIBUTIONS CAN BE MADE UNTIL TAX FILING DEADLINE

If you haven't put any money into an Individual Retirement Arrangement (IRA) for tax year 2003, or if you've put in less than the maximum allowed, you still have time, according to the IRS. You can contribute to either a traditional or Roth IRA until the April 15 due date of your tax return, without extensions.

Be sure to tell the IRA trustee that the contribution is for 2003. Otherwise, the trustee may report the contribution as being for 2004, when it is received.

You may contribute up to \$3,000 of your earnings for 2003 or up to \$3,500 if you are age 50 or more. You may fund a traditional IRA, a Roth IRA (if you qualify), or both, but your total contributions cannot be more than these amounts. These limits apply for both 2003 and 2004.

You may be able to take a tax deduction for the amounts you put into a traditional IRA, depending on whether you — or your spouse, if filing jointly — are covered by an employer's pension plan and how much total income you have. You cannot deduct Roth IRA contributions, but the earnings on a Roth IRA may be tax-free if you meet the conditions for a qualified distribution.

You may file your tax return before you make the IRA contribution, but you must be sure to complete the contribution by the filing deadline. If you report a contribution to a traditional IRA on your return, but fail to make it by the deadline, you must file an amended tax return, using Form 1040X. If you claimed a deduction for an IRA contribution that you failed to make, you must add that amount back to your income on the amended return and pay tax accordingly.

IRS Publication 590 has detailed information on Individual Retirement Arrangements. To get a copy, use the "Forms and Publications" search feature on the IRS Web site at www.irs.gov. It's also available by calling toll free 1-800-TAX-FORM (1-800-829-3676). Taxpayers needing this or any other IRS publication should act soon to be sure they have the item in time to meet the April deadline.

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